BEFORE THE

Federal Communications Commission

WASHINGTON, D.C.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of	)	
	)	
Section 257 Proceeding to	)	
Identify and Eliminate	)	GN Docket No. 96-113
Market Entry Barriers	)	
for Small Businesses	)	

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COMMENTS OF NEVADACOM

I. Introduction.

Nevadacom hereby comments on the Section 257 Proceeding to Indentify and Eliminate Market Entry Barriers for Small Businesses.

Nevadacom is a Telegram company which delivers messages to customers in the United States and Canada, 365 days a year, providing same day, next day, two day and three day messages. In addition to Agents throughout the United States and Canada, Nevadacom's International Network[1] delivers messages worldwide. Nevadacom transmits urgent personal and business messages to area affected by natural disasters and emergencies, where no other means of communication is available.

Much of Nevadacom's Telegram business is originated via 800 numbers available nationwide and in Canada. Customers dial 800 numbers to reach a Nevadacom representative who can transcribe the customers' message and have it delivered to the recipient by fax, hand, phone or mail. The charge for the Telegram is based on the number of words and method of delivery. In many cases, customers choose to bill their messages to their local phone bill. This

[1] Nevadacom provides International Service pursuant to its' FCC authorization. Order and Authorization, File No. ITC-95-620 (rel. January 15, 1996).

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can be done because Nevadacom has billing and collection agreements through clearing houses with local exchange carriers.

II. Discussion

One of the major obstacles that small businesses face in accessing capital and credit is the personal guarantee requirement. Unlike large businesses that can obtain lines of credit without requiring its officers to personally guarantee it, small carriers such as Nevadacom are held to a stricter standard. Despite incorporating,[2] small carriers are required to personally guarantee funds and lines of credit. If a large business were to fail, it could simply re-organize and continue operating without the burden of its officers' credit being hurt.[3] Small entrepreneurial carriers, who go out on a limb often investing their own money, accept less pay than comparable positions at larger companies, create more jobs and provide a necessary service, do not have the luxury of being able to continue unscathed, should they run into financial difficulty. This double standard is inequitable and unfair. The Commission should require lenders to provide non-personally guaranteed funds under the same terms and conditions as is provided to larger carriers.

Small carriers face numerous obstacles in their ability to resell the services of both facilities based long distance carriers and cellular providers. Larger carriers have been uncooperative in giving wholesale pricing rates. They have demanded that a smaller carriers enter into strict confidentiality agreements just to optain rate data, in order to access whether or not they should enter into a resale agreement. Even when a resale agreement is offered, volume requirements are far too large and consequently the wholesale rates are cost prohibitive, for a newer entrant to

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[2] The liability of shareholders are limited by state statures

[3] For example: New Valley Corporation, parent company of Western Union emerged from chapter 11 in January 1995 - United States Bankruptcy Court for the District of New Jersey in Proceedings Under Chapter 11-91-27704 NW
PR Newswire Association, Inc. Brooke group reports first quarter 1995 Financial Results May 18, 1995

enter the business. The Commission should remove rates tied to volume discounts for resellers and provide one wholesale rate for all resellers, both large and small, despite the volume involved. Such a rule would give the newer entrant the ability to compete and allow many smaller carriers to compete on a level playing field.

In addition, often credit is denied to smaller carriers and cost prohibitive deposits are required.

Furthermore, settlement periods differ greatly between large carriers and small carriers. For example: settlements between International Carriers can take as much as six (6) months. However, small carriers are often kept to a very strict thirty (30) days despite local exchange carrier billing and collection which can take up to two (2) months, or more.

In forming alliances with other entities, frequently small carriers are required to do so under unfavorable terms and conditions. For example: often small carriers do not get the same quality in service that larger carriers do. Local exchange carriers provide smaller carriers service as if they were a non-essential customer rather than honoring the carrier to carrier relationship. The Commission should require local exchange Carriers and inter-exchange carriers providing service to other small business common carriers, the highest priority of uninterruped service, that is currently available to large common carriers.

For example: a small common carrier that is authorized by the Commission for the necessity and convenience of the public to operate as such, must be able to operate during emergencies, as is the case for larger carriers, who are normally not affected. Small carriers should be given the opportunity to partake in line-load decisions affecting them, when overloading may be at issue, such as what would occur during an earthquake. Furthermore, the Commission should prohibit local exchange carriers and inter-exchange carriers from disconnecting Telegram companies which provide emergency service via facsimile through the resale of switched voice services. The same prohibition should apply to enhanced service providers, operator service providers, internet providers, etc.

In some cases, carriers have outrightly refused to offer service to smaller carriers in direct violation of the Communications Act. The complaint process, as it currently stands, is ineffective and expensive. In effect, there is no simple, cost effective remedy a small carrier can use, to force compliance when a larger carrier violates the law. The Commission should establish a fast track complaint process specifically for small carriers, that is not cost prohibitive to resolve issues of this sort. Furthermore, the Commission should establish an impartial panel of non-industry individuals to rule on these matters.

Small carriers should be provided the same access to information that larger carriers have, at the same rates. For example: telephone billing name and address service is far to cost prohibitive for small common carriers that wish to provide their own billing, based on telephone numbers.

The Commission should require all telephone providers to offer billing and collection agreements at cost permitting rates. The Commission should abolish prohibitively expensive billing and collection contract fees (often in the hundreds of thousands of dollars) and high billing and collection minimum charges.

Credit card companies require smaller common carriers to adhere to strict limitations including a 1% chargeback limit, whereas larger carriers are allowed a much higher chargeback rate. Having such a discriminatory, two tier standard is unfair to smaller carriers and creates an irrebuttable presumption against smaller carriers. The Commission should prohibit credit card companies from having overly restrictive policies when it comes to small carriers and require credit card issuers to provide merchant services on the same terms and conditions as provided to larger carriers.

Interconnection is essential for all carriers to be able to provide telephone service. Interconnection is just as vital to smaller Telegram carriers, in order to provide full service to all areas. Often smaller Telegram carriers are outrightly refused interconnection. The Commission should enforce interconnection rights, in a simplified, cost effective manner for the smaller carrier. A mechanism should be established whereby a larger carrier that might not provide service to a particular destination, is required to utilize a smaller carrier that does. This benefits not only the public in providing a more comprehensive service but also benefits the smaller carrier, by providing income that would have otherwise been lost. There should be a simplied, low cost enforcement by the Commission.

Additionally, the issues of smaller carriers are not addressed adequately by Congress simply because they can't afford the same lobbying efforts. The Commission needs to establish a system to bring the concerns of smaller carriers to the legislators in a cost permitting manner.

III. Conclusion.

Nevadacom respectfully requests that the Commission adopt these proposals in the proceeding, consistant with the comments herein.

Respectfully submitted,

Nevadacom

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